



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

## ECONOMICS AT BERLIN AND VIENNA.

Since the publication of Roscher's *Grundriss zu Vorlesungen über die Staatswissenschaften nach geschichtlicher Methode*, in 1843, in which the ideas, since characterized as those of the Historical School, first found systematic formulation, Germany has been the scene of an almost uninterrupted struggle for supremacy between conflicting opinions concerning the most fundamental questions in political economy. Among these questions there is none more interesting or more vital than that as to the proper method to be employed in economic investigations, and few intellectual battles have been fought with more vigor and with a more equal mustering of ability in the rival camps than has the famous *Methodenstreit*. For some time it seemed as if the Historical School was going to carry all before it. Its acute criticisms of the system of economics built up, largely with the aid of abstraction and deduction, by Adam Smith and his immediate followers, were unanswerable. Attacked also by the Socialists, economic theory was rapidly falling into ill repute, and with it the method upon which it had rested.

As was to be expected, a reaction set in. The leader in this reaction was Professor Karl Menger, of Vienna, who, in his *Grundsätze der Volkswirtschaftslehre*, published in 1871, tried to demonstrate that the errors of the Classical School were due, not to the choice of a wrong method, but to the wrong use of a right method, by employing the same method of abstraction and deduction to arrive at theories more in harmony with observed facts. In 1883, attacking the methodological question directly, he published his *Untersuchungen über die Methode der Socialwissenschaften, und der Politischen Oekonomie insbesondere*, in which he subjected the doctrines of the Historical School to a thorough-going criticism. He concluded that for theoretical Economics there is but one method,—that which he calls the “*exact*”

method, founded, to be sure, upon an analysis of the materials furnished by economic history and by every-day experience, and requiring to be verified by observation, but quite distinct from the inductive method.

Of all the criticisms called forth by this work none was more uncompromising than that of Professor Gustav Schmoller, of Berlin. In the polemic which followed, Professor Schmoller figured as the leader of the extreme left of the Historical School, and would hear nothing of economic theory in the present unripe condition of our science. Professor Menger, on the other hand, asserted that, without theory, economic science, as all science, is impossible. The controversy was heated and of an unnecessarily personal character, and without doubt both parties to it said rather more than they intended. It was none the less of a decided scientific value, and did much to clear the atmosphere of many misapprehensions concerning the real nature of the methodological question that were common to both. If this question was not thereby finally settled it was, at any rate, placed in a clearer light.

What Professor Marshall says in regard to method may be quoted as a very fair summing up of contemporary German opinion: "Induction and deduction go hand in hand. . . . There is not any one method of investigation which can properly be called the method of economics; but every method must be made serviceable in its proper place."<sup>1</sup> To some minds this denotes that the question of method is really a question of temperament and intellectual bent. Let everyone employ that method that seems best fitted to his hand; the field is large enough for all, working with all sorts of tools. To others such a glossing over of the question is decidedly unsatisfactory. To them, such an answer points eloquently to the backward condition of economic science, and calls, not for indifferentism respecting the question of method, but for a more strict classification of the economic sciences. If there is room for the employment of all methods in political economy, it is high

<sup>1</sup> Principles of Economics, 2d ed., pp. 88 and 89.

time we were deciding what particular method is appropriate to each particular department of the subject.

It is a partial answer to this question—a very concise one, unfortunately—which Professor Menger has attempted to give in his latest writing upon this subject.<sup>1</sup> There remains to be written, however, a comprehensive summing up of the whole question, a logic from the standpoint of the economic sciences, and it is upon such a work that Professor Menger is now engaged.

Not only because of the prominent part they have taken in the methodological controversy, but also because of their contributions to economic literature in other fields, on the one hand to economic theory and on the other to economic history and statistics, Professors Karl Menger and Gustav Schmoller are to-day two of the most conspicuous figures in the German economic world of letters.

While the war of methods has been waging between the Menger faction and the Schmoller faction of German economists, Professor Adolph Wagner, the distinguished colleague of Professor Schmoller, at Berlin, has been devoting his prodigious energy to working out his own scientific ideas in his own way. To-day he is conspicuous as the acknowledged German authority on all questions of public finance, and as the editor and, to a large extent, the writer, of a Handbook on Political Economy<sup>2</sup> which, for comprehensiveness, promises to be an advance upon the well-known, three-volume handbook edited by Professor Schönberg.

At Vienna, working along by the side of, and in fruitful coöperation with, Professor Menger, is Professor Böhm-Bawerk. At present actively employed in helping to bring order out of the chaos of Austrian finances, he yet finds time to conduct a *seminar*, and to meet students really interested in economic questions, at his very pleasant home. Professor Böhm-Bawerk has been

<sup>1</sup> *Grundzüge einer Klassifikation der Wirtschaftswissenschaften*. Conrad's Jahrbücher, n. 7, Bd. xix. pp. 1–32.

<sup>2</sup> The handbook is divided into five principal parts, and will consist of at least fourteen volumes. Cf. Wagner, *Grundlagen der Volkswirtschaft*. Leipzig, 1892, pp. 2 and 3.

called the "*Ricardo* of the Austrian School," of which, by a less apt comparison, Professor Menger is the *Adam Smith*. By his two-volume work on "*Capital and Interest*," be his conclusions accepted as final or not,<sup>1</sup> he has certainly won for himself a lasting place in the history of the development of economic thought.

To these four men, Menger, Schmoller, Böhm-Bawerk and Wagner, the eyes of the economists of all nations are at present directed, as to the most conspicuous representatives of our science in the country in which that science has been most assiduously and most fruitfully cultivated during the last fifty years. To the great universities which are the scenes of their pedagogic activities, attaches an unusual interest for economists. Berlin and Vienna are, at the present time, magnets, attracting to themselves economic students from all countries. A description of the work being done in political economy at these institutions would, therefore, seem not out of place in the JOURNAL OF POLITICAL ECONOMY.

In what follows I have, as far as practicable, limited myself to my personal observations as a student, first at Berlin—in the summer semester of 1891-92—and at present at Vienna—in the winter semester of 1892-93<sup>2</sup>.

As is well known, the German university year is divided into semesters. The winter semester begins usually about October 15 and lasts until March 15; the summer semester begins about April 15 and lasts until August 15. This nine months of nominal working time, is reduced in reality to about seven in which lectures may be heard, four during the winter and three during the summer semester.

To show the reader what a bewildering task it is to map out

<sup>1</sup> There are at present three rival interest theories in the field, all based upon the marginal utility theory of value, viz.: the theories advanced respectively by Professors Böhm-Bawerk, Menger and Wieser.

<sup>2</sup> The reader wishing for a more comprehensive sketch of instruction in economics in Germany, may be referred to an admirable monograph by Mr. Henri St. Marc, "*Étude sur l'enseignement de l'économie politique dans les universités d'Allemagne et d'Autriche*. Paris, 1892, pp. 1-140.

a course, I quote the courses in Economics that were announced for the summer semester of last year:—

1. General or theoretical Political Economy, by Professor *Schmoller*. Four hours a week.
2. Special or practical Political Economy, by Professor *Wagner*. Four hours.
3. Political Economy (for students of the Agricultural College), by Dr. *Sering*. Four hours.
4. Public Finance, by Dr. *von Kaufmann*. Four hours.
5. Public Finance, by Dr. *Sering*. Four hours.
6. Theory of Statistics, by Professor *Böckh*. Two hours.
7. History and Technique of Statistics, by Professor *Meitzen* (lectures and practice). Two hours.
8. Statistics of the German Empire, by Professor *Meitzen*. Two hours.
9. Economic and Social History of Germany, from the beginning of the Middle Ages until the Peace of Westphalia, by Dr. *Höniger*. Two hours.
10. Lectures upon the nature and history of economic "undertaking" and the forms of "undertaking," by Professor *Schmoller*. One hour and one-half.
11. Money and Banking, by Professor *Wagner*. Two hours.
12. Trade and Colonial Policy until 1800, by Dr. *Rathgen*. Two hours.
13. Industry, Trade and Politics (including the labour question), by Dr. *von Kaufmann*. Three hours.
14. The Social Question, by Dr. *Oldenberg*. Two hours.
15. The Forms of Public Credit (the character of state and local indebtedness), by Dr. *von Kaufmann*. One hour.
16. Seminar ("Uebungen") Economics and Public Finance, by Professor *Wagner*. Two and one-half hours.
17. Statistical Seminar, by Professor *Böckh*. Two hours.
18. Seminar for Economic History, by Dr. *Höniger*. Two hours.
19. Seminar for social science combined with excursions, by Dr. *Sering*. Once a week.

Beside these courses in political economy, there is a tempting array of announcements for each of the related sciences, for history, politics, law and philosophy. Under the circumstances, the first lesson to be learned by the student is that of limitation. Fifteen hours weekly is a liberal allowance for a special student, and this means that at least two-thirds of the economic courses must be neglected, even if, which is unlikely, the student has no desire to browse in other fields. In any case, the courses offered by Professors Wagner and Schmoller are those which particularly interest us here, and it is to a description of these that I shall devote special attention.

As an examination of the courses I have enumerated will show, the economic work at Berlin is so arranged that there are comparatively few rival courses offered. Professors Wagner and Schmoller, though differing decidedly in their convictions concerning many of the most fundamental questions of the science, have, nevertheless, for some years worked along side by side in outward harmony. Those students for whom questions of theory and of public finance have a special interest usually count themselves Wagner's pupils; others with a bent for historical and statistical researches, fall as naturally to Schmoller. In the winter semester, the former is in the habit of lecturing four hours a week upon theoretical political economy, four hours a week upon public finance, and two hours a week upon Socialism and the history of economic dogma. Schmoller lectures during the same semester four hours a week upon practical political economy, and holds his seminar for economics and statistics. In the summer-semester, Wagner lectures on practical political economy, and holds his seminar, Schmoller lecturing during the same period upon theoretical or general political economy, and upon the history of some particular economic institution, a work in which his genius appears at its best. By following out this arrangement, each is enabled in the course of the year to present a symmetrical system of political economy from his own particular standpoint without, at the same time, entering directly into competition with the other. The advantages springing

from such tacit coöperation are too obvious to require emphasizing.

The division of political economy into general and particular, or into theoretical and practical,<sup>1</sup> has long been common in Germany. The distinction is broadly that made in English between economics as a science and economics as an art, and does not need to be dwelt upon here.

Professor Adolph Wagner, although already in his fifty-eighth year, retains unimpaired the energy and enthusiasm of a young man. Beginning his economic career as the pupil and follower of Rau, he gradually outgrew the ideas of the classical school, was in 1872 one of the founders of the *Verein für Sozial-politik*, and has since been known as a leading "socialist of the chair." His connection with the *Verein für Sozial-politik* lasted but a few years. His opinions respecting the function of the state as an agent in effecting social reforms were too radical even for his associates, and he finally withdrew, leaving the field to Schmoller, Brentano and their followers.

During the last twenty years, in spite of many distractions, Professor Wagner has, with tireless energy, proceeded towards the completion of his great "Handbook," which has made his name familiar to the economists of all countries.

It is not, however, with Professor Wagner as an author, but with Professor Wagner as a teacher, that we have especially to do. The energy and earnestness that prevades all of Professor Wagner's actions is, the reader may be sure, rather intensified than otherwise when he mounts the rostrum. His appearance, when seated behind his high desk delivering a lecture, is striking enough. His features are prominent, and furnish a good index of his character. In his chin and mouth, only partially concealed by his thick and slightly grizzled mustache, one reads the man of prompt action and of resolute will, a born soldier in a nation of soldiers. The facial resemblance between Wagner and

<sup>1</sup> These pairs of terms are usually employed as synonyms, though, in strictness, a distinction should be drawn between them. Cf. Menger: *Grundzüge einer Klassifikation der Wirtschaftswissenschaften*, p. 10.



Bismarck, not so striking at present as formerly, I believe, has often been remarked upon. When lecturing, his delivery is rapid and emphatic, his voice harsh but not unpleasant. He uses his notes only for occasional reference, being enabled by his remarkable memory to carry the substance of a two-hour lecture in his head without apparent effort. As a lecturer, he, like many of his colleagues, is open to the criticism of paying too much attention to the matter and too little to the form of his utterances. To his unusually logical mind all facts come in groups, classified in advance. His lectures are so filled with "*erstens*" and "*zweitens*" that the hearer is apt to lose the kernel of his thought altogether in trying to keep clearly in his head its proper position in the hierarchy of ideas presented. As regards the matter of his lectures, it is needless to say much to any one acquainted with his writings; a wealth of striking illustrations and interesting facts borrowed from the economic histories of all countries, great succinctness of statement and logicalness of treatment—these are characteristic features.

The fundamental idea that prevades and gives unity to Wagner's economic system is the "*social*" idea. Analyzing the history of the development of economic thought, he sees, on the one hand, the system of *individualism*, dating back to the Physiocrats and Adam Smith, the fundamental tenet of which is the "*laissez-faire*" doctrine; on the other, the doctrines of the socialists and communists, representing a timely reaction from the individualism of the classical school, but, as is usual with reactions, going too far to the other extreme. The standpoint of socialism he accepts as the only rational standpoint, *i. e.*, the good of the community, of society, must be the starting point in political economy, and not the good of the individual or of any group of individuals. But, starting out with this principle, it is necessary to take strict account of existing institutions, on the one hand, and of the nature of man on the other. In neglecting this latter point, *i. e.*, in failing to ground economics upon a rational system of psychology, socialism has committed its cardinal error. Wagner prides himself upon appreciating and adopting in

his own system what is best in both extreme positions. He judges everything from the social standpoint; regards, for example, the juster distribution of incomes as a legitimate motive for guiding the action of a state in laying its taxes, but he by no means overlooks the importance of self-interest as one of the principal impelling motives to all human action.

The practical conclusions which he draws from such a line of reasoning may be briefly summarized as follows:

The institutions of private law, and especially private property, are justifiable only so long as they serve the best interests of society; there is nothing inviolable or sacred about them; in fact, as at present existing, they are very far from fulfilling the requirements of an ideal system. Social and economic reform must be preceded by the reform of the legal ideas which constitute the very framework of society. By reform, however, he does not understand any such radical measure as, for example, the abolition of the institution of private property, but rather such modifications in this and other existing legal institutions as shall cause them to better serve the interests of society, without at the same time neglecting self-interest as the chief economic motive of all action.

In such a reform the state is assigned by Wagner to a very important rôle. The "good-of-the-whole" is the only justifiable principle by which to guide state action.<sup>1</sup> It is in this sense and this sense only that Professor Wagner is a "state socialist" or a "socialist-of-the-chair," as are many other leading German professors, such as Professor Schäffle. They form no school,—even the name was thrust upon them by hostile critics,—but none-the-less they represent a dominant factor in German economic thought.

In his courses upon "practical political economy" and upon "money and banking," Professor Wagner had naturally little occasion to expand his theoretical system. In the former course he treated in great detail the subject of agriculture, manufactur-

<sup>1</sup>For a more complete statement of Wagner's views, see his "*Grundlagender Volkswirtschaft*," Leipzig, 1892, especially pp. 5-67.

ing industry, trade and transportation, laying down general rules to guide the action of the state in its relation to these industries. In his course on "money and banking" he discussed the history, nature and function of moneys, the history and statistics of the production of the precious metals, monometallism *versus* bimetallism, coinage and the reform of the German system of coinage, the nature of banking and the relation of the state to this industry, the various kinds of banks and the reform of the German bank-note system. Especially instructive were his views concerning Germany's true interest in reference to the silver question. Although regarding her present monetary situation as particularly favored, he by no means believes that this is a sufficient reason for her taking no part in the movement directed towards the securing of a more adequate and flexible medium than is gold, as a basis for the world's commercial transactions.

On the subject of method Professor Wagner's views coincide almost exactly with those of Professor Marshall already quoted.<sup>1</sup> He expressly says,<sup>2</sup> however, that he has much more sympathy for the earnest attitude assumed by Professor Karl Menger towards the methodological question, than for the critically indifferent attitude of his colleague, Professor Schmoller.

It is in his *Seminar*, however, that Professor Wagner appears at his best. This course, styled "*nationalökonomische und finanzwissenschaftliche übungen*," is designed only for students making a special study of political economy. Its meetings last year were held upon the Tuesday and Wednesday evenings of each week and lasted regularly from one to two hours. At the first meeting, there were twenty-seven students present, of whom thirteen were Germans, two Austrians, three Hungarians, three Russians, one Japanese, and four Americans—a sufficiently heterogeneous gathering. The meetings were held in the *Seminar* library, an institution of which I shall have occasion to speak later. There, seated at long tables arranged in

<sup>1</sup> Compare his "*Grundlagen*," p. 18.

<sup>2</sup> Idem., "*Einleitung*" p. vii, and Vol. I, No. I, of the *Journal of Political Economy*, p. 110.

the form of a hollow rectangle and surrounded on all sides by books, we were welcomed by Professor Wagner, and told briefly concerning the nature and object of the course we proposed to follow.

Professor Wagner's conception of a *Seminar* is that of a course in which the professor takes for the time the minor rôle of director and the students themselves become the lecturers. Upon the occasion of our second meeting, the director submitted to each one of us in turn a series of questions in regard to our former work in economics, our preferences in the science and the motives which had led us to enter his course. The answers to these questions were designed more for our own instruction than anything else and accomplished their purpose remarkably well. From them I learned, in a short hour, more about the character and acquirements of my fellow students, about the extent of their work in economics and their intellectual sympathies than I would have learned during the whole semester, if left to myself. I was particularly surprised to observe the advanced age of most of the members. The majority were already doctors of philosophy, many public officials, some advocates. Only the foreigners seemed to be what we would call "specialists" in political economy, and only a few of them were looking forward to teaching as a profession.

Each of us having given a short sketch of his mental history, and declared his preferences in the economic field, the director next took up the subject of "*Arbeiten.*" He explained that, owing to the shortness of the semester, only ten or at most twelve essays could be read and that these must not exceed thirty minutes in length. Upon inquiry it proved that there were just twelve aspirants to take an active part in the exercises of the course.

The difficult task of assigning work to such as desired it was performed by Professor Wagner in a way to excite general admiration. As far as possible, the inclinations of each member were encouraged in the division of themes, but to the same extent that vagueness manifested itself in the mind of any stu-

dent, did the director assume an arbitrary tone. Those who wished a particular line of work, were in general given it; those who did not know exactly what they wished, were assigned such work as seemed to the professor best to harmonize with what had already been taken. Each one was, before the evening was over, assigned his special task and each one was, apparently, satisfied. By the time the first paper was read, dates had been fixed for the reading of all the rest. Thus at the very outset, a programme for the whole semester was arranged from which only slight variations were subsequently made.

The field covered by the essays was very large. Papers were read upon the wage-fund theory, wages in general, the socialistic theory of value, statistics of the production of the precious metals, the silver question with special reference to India and the East, upon the history of the rise of the Hamburg market, the Austrian monetary situation, the taxation of inheritances, the Prussian income tax, Adam Smith and the Physiocrats, and upon canals and railroads. Of these eleven papers three were presented by Americans. Professor Wagner's remarkable grasp of economic literature became apparent when he began to discuss in detail the bibliography belonging to each of the assigned subjects. He was able without notes, not only to recall the titles of the principal works bearing upon the question in hand, but also to give a critical estimate of each. His practical suggestions as to the best method of treating each subject were also of the greatest value to the student. The director required that the papers should be handed to him a few days before they were to be presented and he always prefaced their reading with a critical analysis calculated to give direction to the debate which was to follow. Nor did he hesitate, during the reading, to interrupt the speaker whenever a statement seemed to lack clearness or accuracy—a practice which I cannot but think unfortunate, in that it tended to make students over cautious about advancing any original opinion whatever and, at the same time, distracted the minds of the hearers from the thread of the argument in process of development.

So much as to the formal character of the *Seminar*. Now what can be said of its value as a means of imparting instruction? My experience leads me to believe that no matter how well a *Seminar* of such a general character is conducted, unless its membership is strictly limited to ten students, the results attained will always be unsatisfactory. The preparation and presentation of a paper before a body of fellow-students is of the greatest value to the individual directly concerned; to his fellow-students, however, of comparatively little value. Those who work in a *Seminar* get a great deal out of it; those who merely come to listen, in this instance the majority, almost nothing. The discussion is usually limited to a debate between the professor in charge and the reader of the paper; when, upon rare occasions, it does become more general, it is very seldom to the point. In this particular instance the papers read were, as a rule, excellent. Professor Wagner's criticisms were of the greatest value, but seldom was there anything like a general debate. Five or six of the students present were fond of talking, and did so without much reference to their grasp of the question under discussion; diffidence or indifference kept the rest eternally silent.

There is, however, a social side to a German *Seminar*, especially when conducted as by Professor Wagner, that must not be overlooked. Here professor and students meet upon a footing of intimacy, the formality of the lecture room is, for the time, put to one side, questions are asked as they arise in the student's mind and are answered in detail. Here friendships are made that last through life. And then, occasionally, there is the adjournment to a neighboring beer hall, where the professor divests himself of the last traces of his habitual reserve, where stories are told and discussions engaged in that are, here at least, animated enough. It is with these friendly after-gatherings that the most pleasant recollections of many of those who have studied in Germany are associated. Far be it from me to advocate the restriction of an institution which renders them possible.

Professor Wagner's success as a teacher is due very largely to the sincerity and earnestness of his character. In spite of a manner at times rather brusque and a little repelling, he always inspires his students with confidence and respect. The "social" idea which is the central thought in his economic system is also the guiding principle of his life. In him the pupil recognizes not merely a great scholar but a noble character. His example is fitted to inspire right-living quite as much as is his teaching to inculcate right-thinking.

In Professor Schmoller we have quite another type of "*Gelehrter*." Though Professor Wagner's junior by three years, he appears the older of the two. Shorter in stature but no less erect and martial in carriage, with a flowing white beard and white hair, Professor Schmoller presents a personality to be remembered. Of a type more common to Gaul than to Germania, he seems to find in his sense of humour, in his artistic appreciation of fine sayings and fine writings compensation for his lack of great convictions. In his graceful literary style we find his great point of superiority over so many of his German colleagues. His lectures are attractive, not so much for the truths they contain, however weighty these may be, as because of the manner in which these truths are expressed.

In his course upon "general" economics, it would seem almost a sarcasm to speak of it as upon "theoretical" economics. He devotes the first few lectures to explaining the nature of political economy and its relation to kindred sciences and to defining the terms which the economist employs. Following this introductory portion comes the most valuable and characteristic part of his whole course, a series of lectures upon the rise and development of human institutions. He points out that the three "norms" of any society are its morals, its customs and its laws; these constitute the framework within which each of the social sciences must be built up.

His characterization of modern industrial society is masterly. He treats at length and strictly in accordance with the historical method the subjects of population and division of labour. Here

the master historian and statistician shows himself. The manner in which he picks out of the great mass of existing material only those facts and figures essential to his purpose and in which he groups this selected matter so as to draw from it the most far-reaching conclusions, and to give to the student not merely a valuable set of historical notes, but also a grasp of the deeply under-lying principles and tendencies, is truly admirable. Throughout, Schmoller shows himself not merely an historian, but also a philosopher. He has a fondness for philosophical terms and for indulging in excursions outside of his proper field. Herbert Spencer is the English author whom he most frequently quotes. He is inclined "almost" he says, to ascribe to Adam Smith's "Theory of the Moral Sentiments" greater value than to his "Wealth of Nations." Here and everywhere we see the two sides to his economic thinking; on the one hand the historian and statistician, upon the other the idealist, who joins the what-is with the what-ought-to-be and forms out of the two a most rosy picture of the future of the human race. In the first case we see the economist, in the second the man

Up to this point his lectures upon "general" economics had been models of their kind. When, however, he took up what to another would have been theoretical political economy and attempted to treat it also simply descriptively, the listener was at once conscious of a change. At this point came the crucial test for Schmoller's theory of method, and at this point, it seemed to me, his theory broke down conspicuously.

In his treatment of value and price he showed his acquaintance with the work of the Austrians by freely borrowing their results, not, however, as consequences of a long and difficult chain of deductive reasoning, but simply as the obvious inferences from his own description of market phenomena. In this part of his lectures the student meets only confusion, loose definitions, description instead of careful analysis, and conclusions arrived at, no one knows exactly how. His elucidation of the action of demand and supply in fixing price seemed to me especially unhappy.



When he proceeds to the history and technique of money, the hearer almost sighs with relief. He completed his course with a sketch of the labouring class and a descriptive account of wages and of the labor movement.

In his course upon "the nature and history of economic 'undertaking' and the forms of 'undertaking,'" Professor Schmoller has a subject after his own heart. Here his particular method of treatment is exactly at home and the fruitfulness of its application in the hands of such a master need not be dwelt upon.

However opposed one may be to some of the ideas of Professor Schmoller, one cannot but be impressed by the consummate manner in which he presents them. His importance and influence in German economics cannot be appreciated by one who has never heard him lecture. As editor of a leading economic journal, in the columns of which he himself often figures, sometimes as an original investigator, more often as a graceful and acute critic, he enjoys a conspicuously advantageous position for keeping his ideas constantly before the reading public, and for this reason, perhaps, he has been able to make a showing of strength upon his side in the *Methodenstreit* which his position hardly warrants.

Of the other courses enumerated it is not necessary to speak in detail. Those offered by Professor Meitzen in statistics are especially to be recommended owing to the commanding position attained by their author in this branch of economic science.

The library facilities afforded the political economist at Berlin are no less superior than the lecture courses opened to him there. Across the *Linden* from the University is the Royal Library, one of the largest libraries in Germany, from which books may be drawn freely by university students and retained four and, upon renewal, six weeks. In this library is a large reading room supplied with desks and writing materials and with a very choice hand-library of several thousand volumes which may be used by the students without application to the attendants. In addition there are scattered throughout the city vari-

ous special libraries of great service to the student of economics and politics. The library of the House of Parliament, the statistical library, the university reading-room, where a very complete collection of periodicals is to be found, and the university library itself, deserve special mention. More important still are the *Seminar* libraries in the university building. The economic *Seminar* library is contained in two large rooms furnished with desks, writing materials, etc., adequate to supply the needs of all the members of the *Seminar*. Along the walls are shelves containing a very complete collection of economic works, some five or six thousand in all. Here one finds nearly all the important works in German, English and French bearing upon general economics. In addition there are files of the leading German economic journals, a large assortment of government publications and an especially rich collection of works upon public finance. These rooms may be used from seven in the morning until nine in the evening. They are always well lighted and heated. The student finds here absolute quiet and every facility for prosecuting any special research he may be engaged upon. Books may be taken from the shelves at will in any number; drawer-room is supplied for those who have books or notes to preserve; in short, nothing is lacking to make of it an ideal place for special study.

The change from the straightness of Berlin streets and the regularity of Berlin architecture to the pleasing variety afforded by Viennese "*Ringstrassen*" and Viennese palaces is no less striking to the tourist, than is the change from the University of Berlin to the University of Vienna to the political economist. In Berlin political economy figures as one of the liberal sciences belonging to the philosophical faculty, as a science having closer affiliations with philosophy than with law. Here in Vienna political economy is a study belonging to the law department. A certain amount of work in it is required of all jurists and, in consequence, the benches in the economic lecture-rooms are crowded

with law students. Professor Wagner used to complain in Berlin because so few jurists were attracted into the economic work there; here in Vienna the very opposite complaint might be raised. All the students of economics seem to be jurists.

Picking out a course at Vienna is, for the economist, by no means the bewildering task we have found it to be at Berlin. The courses offered here in political economy occupy a very insignificant corner in the hundred-page calendar.

They are this semester:

- 1.) Political Economy by Professor *Karl Menger*. Five hours.
- 2.) Seminar for social statistics by Prof. *Singer*. Two hours.
- 3.) Credit and banking by Dr. *Zuckerkindl*. One hour.
- 4.) Seminar for political economy by Professor *Böhm-Bawerk*. Two hours.
- 5.) Explanation and criticism of the socialistic theory of value (with special reference to Rodbertus and Marx) by Dr. *von Kormorzynski*. One hour.
- 6.) The development of socialism by Dr. *von Schullern*. Two hours.
- 7.) Statistical Seminar by Professor *von Inama-Sternegg*. Two hours.
- 8.) Census of Austria for 1890 by Dr. *von Furaschek*. Two hours.
- 9.) Statistics of money and of the monetary standards with special reference to the reform of the Austrian standard of value by Dr. *Rauchberg*. Two hours.

In all nine courses, occupying just nineteen hours a week. Compared with the nineteen courses occupying forty-eight hours a week offered at Berlin, certainly a rather meagre showing.<sup>1</sup> How is this difference to be explained? In part, quite simply. Berlin enrolls annually nearly one-third more students<sup>2</sup> and accord-

<sup>1</sup> Comparing a winter semester with a summer semester is, to be sure, not exactly fair to Berlin.

<sup>2</sup> According to official figures there were at Berlin during the calendar year 1890-91 an average for each semester of 7,613 students; at Vienna for the same period only 5,670 students.

ingly should be able to offer a more varied and complete course of study than does Vienna. Secondly, the work in economics at Vienna is temporarily crippled, owing to the fact that the chair occupied formerly by Brentano and more recently by Miaskowski, has for two years remained vacant.<sup>1</sup> It may be questioned, however, if these two causes sufficiently explain the comparative neglect of economic science that is apparent here. A third and really more vital reason is found in the fact that here in Vienna, and especially is this true of the law faculty, very much of the work preliminary to a degree is expressly prescribed. The student is given very little time for courses not directly necessary as a part of his preparation for the examinations. In consequence the required courses are disproportionately crowded; those not required have a severe struggle for existence. The demand for a varied economic diet does not exist here as it does in Berlin, and in consequence the supply is also lacking. In Berlin nine lecturers find it desirable to offer courses in economics covering forty-eight hours a week; here the same number of lecturers offer altogether only nineteen hours a week.<sup>2</sup> These figures speak eloquently of the different conditions at the two places. Coming to details, it will be noticed that all of the courses given here this semester with the exception of three, *i. e.*, the general course of Professor Menger, the seminar of Professor Böhm-Bawerk and the one-hour course on credit and banking of Dr. Zuckerkandl, deal either with statistics or with some aspect of socialism. This fact is further evidence of the absence of a demand, on the part of the student body, for a really comprehensive course in economics.

It has been Professor Menger's custom to deliver a course of five lectures a week upon general economics in the winter semes-

<sup>1</sup> Professor von Philippovich, a born Viennese, has quite recently accepted a call from his post at Freiburg to fill this vacant chair. He is himself a follower of Menger on questions of method and of general theory, so that beginning with next year we will no doubt see a harmonious course offered here in economics.

<sup>2</sup> There are more "*Privat docenten*" at Vienna than at Berlin, and therefore we would not expect quite the same number of hours.

ter, and to continue this with a course of the same length upon public finance during the summer semester. In addition he held last year a seminar for two hours a week for general economics and finance. This semester, Professor Böhm-Bawerk conducts the seminar and, in consequence, Professor Menger's pedagogic activity is limited to his general lecture course.

Professor Menger carries his fifty-three years lightly enough. In lecturing he rarely uses his notes except to verify a quotation or a date. His ideas seem to come to him as he speaks and are expressed in language so clear and simple, and emphasized with gestures so appropriate, that it is a pleasure to follow him. The student feels that he is being led instead of driven, and when a conclusion is reached it comes into his mind not as something from without, but as the obvious consequence of his own mental processes. It is said that those who attend Professor Menger's lectures regularly need no other preparation for their final examination in political economy, and I can readily believe it. I have seldom, if ever, heard a lecturer who possessed the same talent for combining clearness and simplicity of statement with philosophical breadth of view. His lectures are seldom "over the heads" of his dullest students, and yet always contain instruction for the brightest.

The majority of Professor Menger's hearers are taking his course as a part of their required work. It is his task, therefore, to give them in the eighty odd lectures which he delivers, a general view of economics, an idea not merely of economic principles, but also of the history of economic thought and of economic practice. He introduces his course with a vivid sketch of the characteristic features of modern industrial society, emphasizing especially its dependence upon existing legal institutions. Political economy is then defined and its relation to kindred sciences specified. Following, he takes up the history of the development of economic ideas. Commencing with the ideas of Plato and Aristotle, he explains most happily the economic doctrines of various thinkers and schools down to most modern times. In this part of his course he has occasion to give evi-

dence of his profound knowledge of economic literature. In his notes concerning rare editions and unfamiliar bits of bibliography one sees the book-lover and the antiquarian.

He has the happy faculty of giving life to the ideas and the authors he is discussing. The economic doctrines of the old Mercantilists and the Physiocrats are not, as explained by him, the impossible combinations of fallacies and absurdities one still finds in many text-books, but the simple products of the times which gave them birth correct to a large extent in their practical conclusions, if deceived in their premises. And he is not satisfied with simply explaining and criticising exploded theories, but impresses them vividly upon the minds of his hearers by pointing out, here and there, survivals of these old theories in the popular economics of to-day.

Coming down to contemporary economists and economic thought, he displays a freedom in treatment and objectivity in criticism uncommon in Germany. The isolated position occupied by Professor Menger here at Vienna enables him to speak with more candor and openness of his German contemporaries in his lectures than they venture to use in speaking of each other. Especially interesting to the foreign student is his characterization of the historical school and of *Kathedersozialismus*, the forerunners of which last he finds in Simonde de Sismondi and J. S. Mill. He closes his historical sketch with six lectures upon socialism and communism, and the rôle they have played in economic literature.

Such an extended historical sketch as he gives would invite criticism of his method of treatment as being too minute for a general course on political economy, were it not for the masterly manner in which Professor Menger unites in these lectures the present with the past. He knows his students thoroughly and has, no doubt, learned from experience that ideas are readily comprehended when unfolded to the individual mind, not dogmatically, but in the same order in which history shows them to have been unfolded to the race. His success in developing his own ideas and theories, side by side with those which he is nomi-

nally discussing, is certainly remarkable and answers all criticism in advance.

The latter half of his course is devoted to the expounding of his own theoretical system. The starting point in political economy is to him the relation between human wants and the goods, be they material or immaterial, upon which depends the satisfaction of these wants. The fact that there are more wants than means of satisfying them gives rise to the phenomenon of value. Thus the value of any particular good to any particular individual is simply his estimation of the importance of the want the satisfaction of which depends upon *that* good. It is therefore a resultant of the utility and scarcity of the good in question. The classification of wants on the basis of their intensities next takes up his attention as a preliminary step leading to the law of "marginal utility." With the help of this law he explains the Austrian theory of value and price. These theories he applies in turn to the problems met with in exchange and distribution much as in his *Grundsätze der Volkswirtschaftslehre*.

One can scarcely say too much in praise of Professor Menger as a teacher. His great popularity with his students and the success that has attended his efforts to gather about himself talented young men, who sympathize with his fundamental views, are sufficient evidence of his genius in this direction. Among the several thousand volumes upon Professor Menger's shelves will be found almost every work upon economics that is likely to interest the student of general theory, not only in German, but also in English, French, Italian, and even Dutch. The library is specially rich in works upon method, upon money, upon public finance and in complete files of economic journals. To have access to such a collection of books is itself a boon of inestimable value; add to it the advice and guidance of such a man as Professor Menger, and the reader will understand some of the attractions which induce not a few economic students to come here to Vienna in preference even to going to Berlin.

In Professor Böhm-Bawerk's seminar we have a course of

even greater interest to the specialist than the general course of Professor Menger, which we have just described. Professor Böhm-Bawerk, although only forty-two years of age, is already known to economists of all countries as one of the most prominent economists of the Austrian school. To Professor Menger belongs the supreme credit of having originated in their broad outlines all of the ideas that characterize this school. Professor Böhm-Bawerk, however, has helped more than anyone else to popularize these ideas and follow them out to their logical but more remote consequences. Shortly after receiving an appointment to an important post in the finance department, Professor Böhm-Bawerk was given the title of honorary professor in the University of Vienna. It is in this latter capacity that he conducts the economic seminar.

The meetings of the economic seminar occur this semester every Friday at five o'clock and last usually an hour and a half. They are held in a simple lecture room accommodating some fifty or sixty students and usually fairly well filled. Adjoining is a small room containing the seminar library of a few hundred standard works. Periodicals fail, alas, altogether. The thirty-five or forty students who assembled at the first meeting appeared to be nearly all Austrians. All ages and conditions seemed to be represented, from the care-free corps student to the hard-working graduate, looking forward to higher academic honors. At the opening exercise Professor Böhm-Bawerk lost no time in explaining the purpose of the course. The wages question was to be our subject; its exhaustive, historical and critical discussion, and, as far as possible, its solution, our object. Papers should be presented upon the various wages theories that have gained prominence from the time when the question first received scientific attention, and upon the basis of these discussion was to be engaged in until positive conclusions should be reached. Original theories were to be given a hearing as soon as the material to be found in literature had been disposed of.

The reader will observe at once that this is quite another sort



of seminar from that we have seen Professor Wagner conducting in Berlin. To the latter a seminar is a course in which all sorts of original investigations in any particular field are to be given a hearing; to Professor Böhm-Bawerk it has a more special character—some particular topic is to be taken and studied by a number of students collectively; every student present is supposed to be especially interested in the topic under consideration and to take an active part in the debate; no point is to be abandoned until all are agreed that it has been sufficiently discussed. The presentation of papers is simply secondary; they are designed to introduce, but never to take the place of, the general debate which is to follow. The purpose of such a seminar as Professor Böhm-Bawerk offers makes its attainment much more certain than in a general seminar like Professor Wagner's. When all are studying the same subject, all must be intelligently interested in such papers as are presented, and all must learn something from the different points of view brought out in the debate.

Already, at our second meeting, the first paper was presented, giving a rapid historical sketch of wages' theories and stating the problem which such theories have to solve. The debate which followed was to me an agreeable surprise. The five or six students who took part in it displayed a talent for succinct and forcible statement and for critical analysis for which my previous experience with German seminars had little prepared me. In the summary with which the director closed the discussion, the subjects upon which special papers should be presented were enumerated.

Up to the present time papers have been presented upon the "minimum-of-existence-theory" of wages, the "cost-of-production-theory" of wages, and the "wages-fund theory." The discussions have been, for the most part, interesting and valuable, though, as usual, in a *seminar*, repetitions are frequent, and much superfluous matter is introduced. Nearly all of the members of the *seminar* are old pupils either of Professor Menger or of Professor Böhm-Bawerk, and all are eager partisans of the Austrian School. It is this that gives a certain unity to the

various ideas and points of view that find expression in the debates, and that constitutes the most attractive and interesting feature of the course to the stranger.

Here in Vienna the marginal-utility theory of value is anything but an "academic plaything."<sup>1</sup> It is through the application of this theory to the general problem of distribution that a solution of the wages question is expected, in so far as it is possible to find any purely economic theory to account for a phenomenon, in the production of which so many uneconomic elements are prominent factors. Whether as a final result of this careful discussion of the wages question in all its bearings, a positive conclusion, to which all are ready to subscribe, will be arrived at or not, is a matter of comparatively slight importance. The value of the course consists in the encouragement it gives to original thinking and in the sharpening effect it has upon the critical faculties of all those who take part in it. It has been to me the most valuable economic course I have had in Germany. I cannot well say more.

The other economic courses offered here at Vienna are, as has been already hinted, of no great interest to the foreign student. The statistical work being done here deserves, however, some mention. Professor Inama-Sternegg, himself a prominent official in the statistical department of the imperial government, is taking up in his *seminar* this semester the question of statistics of professions, a subject the importance of which is just beginning to be appreciated. The papers presented have been largely of an historical character, describing and comparing what various governments have, up to the present time, done to develop this branch of statistical investigation. An interesting practical feature of the course was a visit we made one evening to the census building while the electrical counting machines were in full operation, and where their mechanism was fully explained to us by the attendant officials.

In Professor Singer's seminar, this semester, social statistics

<sup>1</sup>It is thus that Ingram characterizes the similar ideas advanced by Jevons in England. Cf. *History of Political Economy*, London, 1888, p. 234.

are the subjects under discussion. Statistics throwing light upon the condition of labourers and their families in different occupations, upon their yearly budgets and the nature of their employments, are collected by different members of the course and submitted to the rest during the weekly meetings. Careful reviews of recent literature belonging to this field are an important feature of the course.

The public library facilities afforded the economic student here at Vienna are only moderately good, not to be compared with those afforded at Berlin. In the university library there are some 400,000 volumes. The use of these, however, is hedged about by so many disagreeable and time-consuming regulations that it is difficult to judge exactly how large a proportion of the books are of an economic character. In addition, I may mention the royal library and the library of the statistical bureau, which are easily available for the purposes of the student. More valuable still are the private economic libraries, to which the student may obtain access here in the city. I have already mentioned the magnificent library of Professor Karl Menger. His brother, Professor Anton Menger, the distinguished jurist and socialist, has for many years been a collector of works upon socialism and communism. He at present has some 5,000 volumes and a great number of pamphlets bearing upon these subjects, which he is glad to have utilized for scientific purposes. The libraries of Professors Böhm-Bawerk and Singer are also unusually complete, for private libraries.

The reader who has followed these pages thus far will have seen that in almost every respect the material facilities for economic work afforded the specialist at Berlin are decidedly superior to those afforded him here at Vienna. To conclude from this fact, however, that more is to be gained by a semester at the former place than by a semester here, would be unwarranted. It all depends upon what the student wants. If he is interested especially in economic history, in social questions, or in

practical economics and public finance, Berlin undoubtedly will give the greater satisfaction. If, on the other hand, he is interested in general theory, in the fundamental questions of the science, such as the methodological question, or in the history of economic dogma, of the development of economic theory, the balance is as unquestionably in favor of Vienna.

He will find here a remarkably able corps of teachers, all professing substantially the same beliefs and economic doctrines, and all striving to apply these doctrines to the reform of economic science. What has already been done in the direction of recasting general economic theory on the basis of the marginal utility theory of value is only a foretaste of what yet remains to be done.

H. R. SEAGER.

VIENNA.